

111TH CONGRESS
1ST SESSION

H. R. 3330

To amend the Federal Deposit Insurance Act and the Federal Credit Union Act to provide more effective reviews of losses in the Deposit Insurance Fund and the Share Insurance Fund by the Inspectors General of the several Federal banking agencies and the National Credit Union Administration Board, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2009

Mr. DRIEHAUS (for himself, Mr. MOORE of Kansas, Mrs. BIGGERT, and Mr. LEE of New York) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act and the Federal Credit Union Act to provide more effective reviews of losses in the Deposit Insurance Fund and the Share Insurance Fund by the Inspectors General of the several Federal banking agencies and the National Credit Union Administration Board, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Improved Oversight
5 by Financial Inspectors General Act of 2009”.

1 **SEC. 2. AMENDMENT TO DEFINITION OF MATERIAL LOSS**
2 **AND NONMATERIAL LOSSES TO THE DEPOSIT**
3 **INSURANCE FUND FOR PURPOSES OF IN-**
4 **SPECTORS GENERAL REVIEWS.**

5 (a) IN GENERAL.—Section 38(k) of the Federal De-
6 posit Insurance Act (U.S.C. 1831o(k)) is amended—

7 (1) in paragraph (2), by striking subparagraph
8 (B) and inserting the following new subparagraph:

9 “(B) MATERIAL LOSS DEFINED.—The
10 term ‘material loss’ means any estimated loss in
11 excess of \$200,000,000, occurring after March
12 31, 2009.”;

13 (2) in that portion of paragraph (4)(A) that
14 precedes clause (i), by striking “the report” and in-
15 serting “any reports under this subsection on
16 losses”;

17 (3) by striking paragraph (6);

18 (4) by redesignating paragraph (5) as para-
19 graph (6); and

20 (5) by inserting after paragraph (4) the fol-
21 lowing new paragraph:

22 “(5) LOSSES THAT ARE NOT MATERIAL.—

23 “(A) SEMIANNUAL REPORT.—For the 6-
24 month period ending on September 30, 2009,
25 and each 6-month period thereafter, the Inspec-

1 tor General of each Federal banking agency
2 shall—

3 “(i) identify losses estimated to be in-
4 curred by the Deposit Insurance Fund
5 during that 6-month period with respect to
6 insured depository institutions supervised
7 by such Federal banking agency;

8 “(ii) for each loss to the Deposit In-
9 surance Fund (as a loss to such Fund is
10 defined in paragraph (2)(A)) that is not a
11 material loss, determine the grounds iden-
12 tified by the Federal banking agency or
13 State bank supervisor under section
14 11(c)(5) for appointing the Corporation as
15 receiver and whether any unusual cir-
16 cumstances exist that might warrant an in-
17 depth review of the loss; and

18 “(iii) prepare a written report to the
19 appropriate Federal banking agency and
20 for the Congress on the results of the In-
21 spector General’s determinations, includ-
22 ing—

23 “(I) the identity of any loss that
24 warrants an in-depth review and the
25 reasons why such review is warranted,

1 or if the Inspector General determines
2 that no review is warranted, an expla-
3 nation of such determination; and

4 “(II) for each loss identified in
5 subclause (I) that warrants an in-
6 depth review, a date by which such re-
7 view, and a report on the review pre-
8 pared in a manner consistent with re-
9 ports under paragraph (1)(A), will be
10 completed.

11 “(B) DEADLINE FOR SEMIANNUAL RE-
12 PORT.—The Inspector General of each Federal
13 banking agency shall—

14 “(i) comply with the semiannual re-
15 port requirements of paragraph (A) expedi-
16 tiously, and in any event within 90 days
17 after the end of the 6-month period cov-
18 ered by the report; and

19 “(ii) provide a copy of the report to
20 any Member of Congress upon request.”.

21 (b) TECHNICAL AND CONFORMING AMENDMENT.—
22 The heading for subsection (k) of section 38 of the Fed-
23 eral Deposit Insurance Act (U.S.C. 1831o(k)) is amend-
24 ed—

1 (1) by striking “REVIEW” and inserting “RE-
2 VIEWS”; and

3 (2) by striking “MATERIAL LOSS” and inserting
4 “LOSSES”.

5 **SEC. 3. AMENDMENT TO DEFINITION OF MATERIAL LOSS**
6 **AND NONMATERIAL LOSSES TO THE NA-**
7 **TIONAL CREDIT UNION SHARE INSURANCE**
8 **FUND FOR PURPOSES OF INSPECTORS GEN-**
9 **ERAL REVIEWS.**

10 (a) IN GENERAL.—Subsection (j) of section 216 of
11 the Federal Credit Union Act (12 U.S.C. 1790d(j)) is
12 amended to read as follows:

13 “(j) REVIEWS REQUIRED WHEN SHARE INSURANCE
14 FUND EXPERIENCES LOSSES.—

15 “(1) IN GENERAL.—If the Fund incurs a mate-
16 rial loss with respect to an insured credit union, the
17 inspector general of the Board shall—

18 “(A) make a written report to the Board
19 reviewing the Administration’s supervision of
20 the credit union (including the Administration’s
21 implementation of this section), which shall—

22 “(i) ascertain why the credit union’s
23 problems resulted in a material loss to the
24 Fund; and

1 “(ii) make recommendations for pre-
2 venting any such loss in the future; and

3 “(B) provide a copy of the report to—

4 “(i) the Comptroller General of the
5 United States; (ii) the Corporation (if the
6 agency is not the Corporation);

7 “(ii) in the case of a State credit
8 union, the appropriate State supervisor;
9 and

10 “(iii) upon request by any Member of
11 Congress, to that Member.

12 “(2) MATERIAL LOSS DEFINED.—For purposes
13 of determining whether the Fund has incurred a ma-
14 terial loss with respect to an insured credit union, a
15 loss is material if it exceeds the sum of—

16 “(A) \$25,000,000; and

17 “(B) an amount equal to 10 percent of the
18 total assets of the credit union at the time at
19 which the Board initiated assistance under sec-
20 tion 1788 of this title or was appointed liqui-
21 dating agent.

22 “(3) PUBLIC DISCLOSURE REQUIRED.—

23 “(A) IN GENERAL.—The Board shall dis-
24 close a report under this subsection upon re-

1 quest under section 552 of title 5 without excis-
2 ing—

3 “(i) any portion under section
4 552(b)(5) of that title; or

5 “(ii) any information about the in-
6 sured credit union (other than trade se-
7 crets) or paragraph (8) of section 552(b)
8 of that title.

9 “(B) EXCEPTION.—Subparagraph (A)
10 shall not be construed as requiring the agency
11 to disclose the name of any customer of the in-
12 sured credit union (other than an institution-af-
13 filiated party), or information from which such
14 a person’s identity could reasonably be
15 ascertained.

16 “(4) LOSSES THAT ARE NOT MATERIAL.—

17 “(A) SEMIANNUAL REPORT.—For the 6-
18 month period ending on September 30, 2009,
19 and each 6-month period thereafter, the Inspec-
20 tor General of the Board shall—

21 “(i) identify losses estimated to be in-
22 curred by the Fund during that 6-month
23 period with respect to insured credit
24 unions;

1 “(ii) for each loss to the Fund that is
2 not a material loss, determine the grounds
3 identified by the Board or the State official
4 having jurisdiction over a State credit
5 union for appointing the Board the liqui-
6 dating agent for any Federal or State
7 credit union and whether any unusual cir-
8 cumstances exist that might warrant an in-
9 depth review of the loss; and

10 “(iii) prepare a written report to the
11 Board and for the Congress on the results
12 of the Inspector General’s determinations,
13 including—

14 “(I) the identity of any loss that
15 warrants an in-depth review and the
16 reasons why such review is warranted,
17 or if the Inspector General determines
18 that no review is warranted, an expla-
19 nation of such determination; and

20 “(II) for each loss identified in
21 subclause (I) that warrants an in-
22 depth review, a date by which such re-
23 view, and a report on the review pre-
24 pared in a manner consistent with re-

1 ports under paragraph (1)(A), will be
2 completed.

3 “(B) DEADLINE FOR SEMIANNUAL RE-
4 PORT.—The Inspector General of the Board
5 shall—

6 “(i) comply with the semiannual re-
7 port requirements of paragraph (A) expedi-
8 tiously, and in any event within 90 days
9 after the end of the 6-month period cov-
10 ered by the report; and

11 “(ii) provide a copy of the report to
12 any Member of Congress upon request.

13 “(5) GAO REVIEW.—The Comptroller General
14 of the United States shall, under such conditions as
15 the Comptroller General determines to be appro-
16 priate, review reports made under paragraph (1), in-
17 cluding the extent to which the Inspector General of
18 the Board complied with section 8L of the Inspector
19 General Act of 1978 with respect to each such re-
20 port, and recommend improvements in the super-
21 vision of insured credit unions (including the imple-
22 mentation of this section).”.

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